



August 31, 2017

Ms. Jocelyn Boyd  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
101 Executive Center Dr., Suite 100  
Columbia, South Carolina 29210

Subject: Docket No. 2006-227-G

Dear Ms. Boyd:

Enclosed are the Quarterly Commission Reports of Piedmont Natural Gas for the quarter ended June 30, 2017. If you have any questions, please call me at 704-731-4560 or email me at [Jenny.Furr@piedmontng.com](mailto:Jenny.Furr@piedmontng.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Jenny Furr".

Jenny Furr  
Manager Regulatory Reporting

Enclosure

c: Pia Powers  
Bruce Barkley  
Jim Jeffries

Piedmont Natural Gas Company  
Quarterly Earnings Surveillance Report for the PSCSC (Revised NCUC GS-11 Report)\*

Index of Schedules

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\* Pursuant to the NCUC's 9/29/2016 ***Order Approving Merger Subject To Regulatory Conditions and Code of Conduct*** in Docket G-9, Sub 682, Piedmont is utilizing a revised NCUC GS-11 Earnings Surveillance Report format that is similar to the format of the ES-11 Earnings Surveillance Report submitted to the NCUC by the electric utilities. The report herein reflects such modifications to the GS-11 Format. These format modifications were developed in consultation with the Accounting Division of the NCUC Public Staff.

Line No.	Item	Total Company (Booked)					
		Average Capital (a)	Average Capital Ratio (b)	Rate Base (c)	Average Embedded Cost (d)	Overall Cost/ Rate % (e)	Total Company Earnings (f)
1	Long-term Debt	\$ 1,807,966	52.46%	\$ 1,807,966	4.68%	2.45%	\$ 84,575
2	Preferred Stock	-	0.00%	-	0.00%	0.00%	-
3	Members' Equity	1,638,211	47.54%	1,638,211	5.88%	2.79%	96,259
4	Total Capitalization	<u>\$ 3,446,177</u>	<u>100.00%</u>	<u>\$ 3,446,177</u>		<u>5.25%</u>	<u>\$ 180,834</u>
		<u>Total Company Booked</u>			<u>South Carolina</u>		
5	Long-term Debt	\$ 1,807,966	52.46%	\$ 146,807	4.68%	2.46%	\$ 6,871
6	Preferred Stock	-	0.00%	-	0.00%	0.00%	-
7	Members' Equity	1,638,211	47.54%	133,023	6.98%	3.32%	9,283
8	Total Capitalization	<u>\$ 3,446,177</u>	<u>100.00%</u>	<u>\$ 279,830</u>		<u>5.77%</u>	<u>\$ 16,154</u>
		<u>Total Company Booked</u>			<u>Other Company Operations - Residual Balances</u>		
9	Long-term Debt	\$ 1,807,966	52.46%	\$ -	4.68%	0.00%	\$ (38)
10	Preferred Stock	-	0.00%	-	0.00%	0.00%	-
11	Members' Equity	1,638,211	47.54%	-	0.00%	0.00%	(16,205)
12	Total Capitalization	<u>\$ 3,446,177</u>	<u>100.00%</u>	<u>\$ -</u>		<u>0.00%</u>	<u>\$ (16,243)</u>

## NCUC Form G.S.-1

## Rate of Return Calculations

## Ratio of Earnings to Fixed Charges - SEC Method

Piedmont Natural Gas

Twelve Months Ended June 30, 2017

## Financial Method

## Schedule 1a

(\$000s)

Line No.	Item	Total Company Booked (a)	SC Jurisdiction (c)	Other Company Operations (e)
<u>Rate of Return on Investment</u>				
1	Net Operating Income	\$ 183,936	\$ 19,119	\$ (14,582)
2	Net Investment Including Materials and Supplies	\$ 5,043,380	\$ 409,522	\$ -
3	Rate of Return on Investment (L1/L2)	3.65%	4.67%	0.00%
<u>Ratio of Earnings to Fixed Charges (SEC)</u>				
4	Net Income	\$ 96,259	\$ 9,283	\$ (16,205)
5	Add Back:			
6	Federal Income Tax Including Investment Credits	\$ 47,677	\$ 4,166	\$ (4,291)
7	State Income Tax	5,057	414	(344)
8	Total Net Income Plus Income Taxes	<u>\$ 148,993</u>	<u>\$ 13,863</u>	<u>\$ (20,840)</u>
<u>Fixed Charges</u>				
9	Interest Expense	\$ 87,677	\$ 9,836	\$ 1,623
10	1/3 Rentals Included in Fixed Charges	-	-	-
11	Total Fixed Charges (L9 + L10)	<u>\$ 87,677</u>	<u>\$ 9,836</u>	<u>\$ 1,623</u>
12	Earnings as Adjusted (L8+L11)	<u>\$ 236,670</u>	<u>\$ 23,699</u>	<u>\$ (19,217)</u>
13	Ratio of Earnings to Fixed Charges (L12/L11)	<u>2.70</u>	<u>2.41</u>	<u>(11.84)</u>
14	Common Stock Dividends Paid/Declared	\$ 31,645 (A)		
<u>Number of Shares Outstanding: (Rounded to thousands)</u>				
15	End of Period	- (A)		
16	Yearly Average	40,602 (A)		

## Notes:

(A) Represents Total Company amount.

Line No.	Item	Long-term Debt* (a)	Preferred Stock (b)	Total Members' Equity (c)	Total Capital (col. a+b+c) (d)
1	<b>Total Company</b>				
	Balance at end of:				
2	Jun-16	1,524,224	-	1,520,724	3,044,948
3	Jul-16	1,821,184	-	1,522,196	3,343,380
4	Aug-16	1,820,961	-	1,518,602	3,339,563
5	Sep-16	1,820,954	-	1,587,525	3,408,479
6	Oct-16	1,821,006	-	1,644,968	3,465,974
7	Nov-16	1,821,065	-	1,661,661	3,482,726
8	Dec-16	1,821,131	-	1,672,133	3,493,264
9	Jan-17	1,821,208	-	1,714,642	3,535,850
10	Feb-17	1,821,286	-	1,748,091	3,569,377
11	Mar-17	1,821,363	-	1,767,037	3,588,400
12	Apr-17	1,821,440	-	1,665,779	3,487,219
13	May-17	1,821,517	-	1,662,858	3,484,375
14	Jun-17	1,946,217	-	1,610,529	3,556,746
15	Total (Sum of Lines 2 thru 14)	\$ 23,503,556	\$ -	\$ 21,296,745	\$ 44,800,301
16	13 Month Average (L15/L13)	\$ 1,807,966	\$ -	\$ 1,638,211	\$ 3,446,177
17	13 Month Average Ratio	52.46%	0.00%	47.54%	100.00%
18	Net Proceeds	\$	-		
	<b>Allocation of Total Company Data</b>				
19	S.C. Gas Jurisdiction Amount	\$ 146,807	\$ -	\$ 133,023	\$ 279,830
20	Other Company Operations Amount	\$ -	\$ -	\$ -	\$ -
21	Actual Interest Accrued for the Period	\$ 84,575			
22	Average Embedded Cost for the Period (Col. a, L23/L16)	4.68%			

\*Long-term Debt includes Current Maturities

Cost Free Capital

Line No.	Item	Plant in Service (a)	CWIP Allowed (b)	Accumulated Provision for Depreciation (c)	Accumulated Deferred Income Taxes (d)	Operating Reserves (e)	Working Capital Allowance (f)	Rate Base (a+b-c-d-e+f) (g)	Total Company Booked CWIP (h)
1	<u>Total Company Jurisdictional Data</u>								
	Balance at end of:								
2	Jun-16	5,609,725	-	1,318,740	954,259	-	197,675	3,534,401	301,162
3	Jul-16	5,700,325	-	1,327,811	954,259	-	208,348	3,626,603	252,471
4	Aug-16	5,727,011	-	1,331,282	954,259	-	216,177	3,657,647	272,343
5	Sep-16	5,822,367	-	1,346,443	949,013	-	226,991	3,753,902	229,892
6	Oct-16	5,837,087	-	1,328,511	949,013	-	234,729	3,794,292	232,970
7	Nov-16	5,862,403	-	1,350,202	949,013	-	229,670	3,792,858	261,614
8	Dec-16	5,955,465	-	1,359,600	976,474	-	233,003	3,852,394	209,636
9	Jan-17	5,983,435	-	1,369,418	976,474	-	213,258	3,850,801	223,907
10	Feb-17	6,011,713	-	1,379,315	976,474	-	202,105	3,858,029	234,247
11	Mar-17	6,032,133	-	1,388,535	1,024,639	-	189,661	3,808,620	255,495
12	Apr-17	6,066,352	-	1,399,654	1,024,639	-	192,530	3,834,589	272,537
13	May-17	6,105,403	-	1,409,330	1,024,639	-	194,672	3,866,106	283,040
14	Jun-17	6,172,948	-	1,424,314	1,076,042	-	205,988	3,878,580	256,911
15	Total (Sum of Lines 2 thru 14)	\$ 76,886,367	\$ -	\$ 17,733,155	\$ 12,789,197	\$ -	\$ 2,744,807	\$ 49,108,822	\$ 3,286,225
16	13 Month Average (L15/13)	\$ 5,914,336	\$ -	\$ 1,364,089	\$ 983,784	\$ -	\$ 211,139	\$ 3,777,602	\$ 252,787
17	<u>Allocation of Total Company Jurisdictional Data</u>								
18	S.C. Gas Jurisdiction Amount	\$ 480,244	\$ -	\$ 110,764	\$ 79,658	\$ -	\$ 17,144	\$ 306,966	\$ 20,526
19	Other Company Operations	\$ -	\$ -	\$ -	\$ 2,775	\$ -	\$ -	\$ (2,775)	\$ -

NCUC Form G.S.-1  
Income Statement  
Piedmont Natural Gas  
Twelve Months Ended June 30, 2017

N.C. Rate Base Method  
Schedule 4  
Page 1 of Z  
(\$000s)

Line No.	Item	Total Company Booked (a)	SC Jurisdiction (c)	Other Company Operations (e)
1	<b>OPERATING REVENUES</b>			
2	Residential	\$ 597,183	\$ 67,080	\$ -
3	Commercial	338,315	35,760	-
4	Industrial	35,407	12,880	(1)
5	Power generation - sales	63	-	-
6	Sales to public authorities	1,004	333	-
7	Sales for resale	364	-	-
8	<b>Total Sales of Gas</b>	<b>\$ 972,336</b>	<b>\$ 116,053</b>	<b>\$ (1)</b>
9	Secondary market sales	1,998	173	-
10	Gas transportation for others	76,050	10,141	-
11	Transportation for resale	9,867	-	-
12	Power generation - transportation	82,363	1,093	-
13	Other operating revenues	7,109	685	(1)
14	<b>Total Gas Operating Revenues</b>	<b>\$ 1,149,723</b>	<b>\$ 128,145</b>	<b>\$ (2)</b>
15	<b>OPERATING EXPENSES</b>			
16	Purchased Gas	\$ 398,859	\$ 51,034	\$ (1)
17	Maintenance	45,210	5,386	2,944
18	Other Operating Expenses (Except Taxes)*	282,099	28,634	16,238
19	<b>Total Operating Expenses</b>	<b>\$ 726,168</b>	<b>\$ 85,054</b>	<b>\$ 19,181</b>
20	Depreciation and Amortization	141,295	12,359	(1)
21	<b>Total Expenses &amp; Depreciation</b>	<b>\$ 867,463</b>	<b>\$ 97,413</b>	<b>\$ 19,180</b>
22	<b>OPERATING TAXES</b>			
23	Federal Income Tax Liability	\$ (63,052)	\$ (6,514)	\$ (4,048)
24	Federal Income Tax - Deferred	110,885	10,701	(243)
25	Investment Tax Credit (ITC) Normalization	-	-	-
26	Amortization of Investment Tax Credits (ITC)	(156)	(21)	-
27	<b>Total Federal Taxes - Operating</b>	<b>\$ 47,677</b>	<b>\$ 4,166</b>	<b>\$ (4,291)</b>
28	State Income Taxes	373	64	(382)
29	State Income Taxes - Deferred	4,684	350	38
30	Other Operating Taxes (General)	45,590	7,033	35
31	<b>Total Operating Taxes</b>	<b>\$ 98,324</b>	<b>\$ 11,613</b>	<b>\$ (4,600)</b>
32	<b>Total Operating Expenses, Depreciation &amp; Taxes</b>	<b>\$ 965,787</b>	<b>\$ 109,026</b>	<b>\$ 14,580</b>
33	<b>Net Operating Income (L14-L32)</b>	<b>\$ 183,936</b>	<b>\$ 19,119</b>	<b>\$ (14,582)</b>

Line No.	Item	Total Company Booked (a)	SC Jurisdiction (c)	Other Company Operations (e)
34	<u>OTHER INCOME</u>			
35	Interest charged to construction	n/a	n/a	n/a
36	Dividends and other interest income	n/a	n/a	n/a
37	Miscellaneous Income	n/a	n/a	n/a
38	Total Other Income	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
39	<u>OTHER DEDUCTIONS</u>			
40	Miscellaneous Income Deductions	n/a	n/a	n/a
41	Taxes Applicable to Other Income & Deductions	n/a	n/a	n/a
42	Total Other Deductions	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
43	<u>INTEREST CHARGES</u>			
44	Interest on Long-term Debt	\$ 84,408	\$ 9,416	\$ -
45	Amortization of Debt Discount and Expense	3,111	166	1,623
46	Amortization of Premium on Debt (Cr.)	-	-	-
47	Interest on Advances from Affiliated Companies	-	-	-
48	Other Interest Expense	158	254	-
49	Total Interest Charges	<u>\$ 87,677</u>	<u>\$ 9,836</u>	<u>\$ 1,623</u>
50	Net Income Before Extraordinary and Delayed Items	\$ 96,259	\$ 9,283	\$ (16,205)
51	Extraordinary & Delayed Items	-	-	-
52	Net Income	<u>\$ 96,259</u>	<u>\$ 9,283</u>	<u>\$ (16,205)</u>
53	Less Preferred Dividends	-	-	-
54	Net Income Available for Members' (Common) Equity	<u>\$ 96,259</u>	<u>\$ 9,283</u>	<u>\$ (16,205)</u>
55	Members' Equity Capital- Year End	\$ 1,610,529	\$ 130,775	\$ -
56	Members' Equity Capital- Simple Average	\$ 1,565,627	\$ 127,129	\$ -
57	Rate of Return on Members' Equity- Year End	5.98%	7.10%	0.00%
58	Rate of Return on Members' (Common) Equity- Simple Average	6.15%	7.30%	0.00%



NCUC Form G.S.-1

Long-Term Debt and Interest Charges  
Piedmont Natural Gas  
Twelve Months Ended June 30, 2017

N.C. Rate Base Method / Financial Method  
Schedule 7  
(\$000s)

Line No.	Type Obligation (Bonds, Debentures, Notes, etc.)	Issue Date (a)	Maturity Date (b)	Face Amount (c)	Amount Outstanding (d)	Interest Rate (e)	Interest Booked for 12 Months Ended This Report (f)	Interest Annualized On O/S Long-Term Debt Col. (e)*(d) (g)
1	8.51 % Series	09/21/1992	09/30/2017	35,000	35,000	8.510	3,020	2,979
2	2.92 % Series	06/06/2011	06/06/2016	-	-	2.920	-	-
3	4.24 % Series	06/06/2011	06/06/2021	160,000	160,000	4.240	6,784	6,784
4	3.47 % Series	07/01/2012	07/01/2027	100,000	100,000	3.470	3,470	3,470
5	3.57 % Series	10/01/2012	10/01/2027	200,000	200,000	3.570	7,140	7,140
6	4.65 % Series	08/01/2013	08/01/2043	300,000	300,000	4.650	13,950	13,950
7	4.10 % Series	09/18/2014	09/18/2034	250,000	250,000	4.100	10,250	10,250
8	3.60 % Series	09/14/2015	09/01/2025	150,000	150,000	3.600	5,400	5,400
9	3.64 % Series	07/28/2016	11/01/2046	300,000	300,000	3.640	10,131	10,920
10	Term Loan	06/14/2017	12/14/2018	125,000	125,000	1.992	118	2,490
11	Total Senior Debt			\$ 1,620,000	\$ 1,620,000		\$ 60,263	\$ 63,383
12	6.87 % Series	10/06/1993	10/06/2023	45,000	45,000	6.870	3,092	3,092
13	8.45 % Series	09/19/1994	09/19/2024	40,000	40,000	8.450	3,380	3,380
14	7.40 % Series	10/03/1995	10/03/2025	55,000	55,000	7.400	4,070	4,070
15	7.50 % Series	10/09/1996	10/09/2026	40,000	40,000	7.500	3,000	3,000
16	7.95 % Series	09/20/1999	09/14/2029	60,000	60,000	7.950	4,770	4,770
17	6.00 % Series	12/19/2003	12/19/2033	100,000	100,000	6.000	6,000	6,000
18	Total Medium-Term Debt			\$ 340,000	\$ 340,000		\$ 24,312	\$ 24,312
19	Capital Leases			\$ -	\$ -		\$ -	\$ -
20	Other Long-Term Debt	Various	Various	\$ -	\$ -		\$ -	\$ -
21	Unamortized Debt Expense, Discount and Premium				\$ (17,954)		\$ -	\$ -
22	Return on Prepaid Interest				\$ -		\$ -	\$ -
23	Current Portion of Long-Term Debt				\$ (35,000)		\$ -	\$ -
24	Total Long-Term Debt			\$ 1,960,000	\$ 1,907,046		\$ 84,575	\$ 87,694

Line No.	Item	Total Company Booked (a)	SC Jurisdiction (c)	Other Company Operations (e)
1	<u>Operating Revenues</u>			
2	Residential	\$ 597,182,929	\$ 67,080,171	\$ -
3	Commercial	338,752,332	35,759,557	-
4	Industrial	35,407,062	12,879,645	-
5	Power generation - sales	62,948	-	-
6	Sales to public authorities	1,003,657	332,804	-
7	Sales for resale	363,733	-	-
8	Total Revenue from Sales of Piedmont Natural Gas	<u>\$ 972,772,661</u>	<u>\$ 116,052,177</u>	<u>\$ -</u>
9	Gas transported for others	76,049,733	10,140,686	-
10	Gas transported for power generation	82,362,877	1,092,874	-
11	Gas transported for resale	9,867,156	-	-
12	<u>DT of Gas Sold</u>			
13	Residential	45,695,141	5,811,396	-
14	Commercial	37,202,740	4,111,318	-
15	Industrial	5,931,125	2,349,956	-
16	Power generation - sales	24,202	-	-
17	Sales to public authorities	79,634	29,144	-
18	Sales for resale	8,798	-	-
19	Total DT of Gas Sales	<u>88,941,640</u>	<u>12,301,814</u>	<u>-</u>
20	Gas transported for others	87,721,157	10,686,708	-
21	Gas transported for power generation	278,006,500	4,048,561	-
22	Gas transported for resale	6,400,450	-	-
23	<u>Revenue Per DT of Gas Sold</u>			
24	Residential	13.07	11.54	-
25	Commercial	9.11	8.70	-
26	Industrial	5.97	5.48	-
27	Power generation - sales	2.60	-	-
28	Sales to public authorities	12.60	11.42	-
29	Sales for resale	41.34	-	-
30	Total Revenue per DT of Gas Sold	10.94	9.43	-
31	Gas transported for others	0.87	0.95	-
32	Gas transported for power generation	0.30	0.27	-
33	Gas transported for resale	1.54	-	-

Line No.	Item	Total Company Booked (a)	SC Jurisdiction (c)	Other Company Operations (e)
1	<u>Period End Number of Customers</u>			
2	Residential	946,479	128,317	-
3	Commercial	100,759	14,067	-
4	Industrial	1,493	371	-
5	Power generation -sales	2	-	-
6	Sales to public authorities	3,110	1,325	-
7	Sales for resale	3	-	-
8	Total Customers- Period End	<u>1,051,846</u>	<u>144,080</u>	<u>-</u>
9	Gas transported for others	780	85	-
10	Gas transported for power generation	25	3	-
11	Gas transported for resale	10	-	-
12	<u>Average Number of Customers</u>			
13	Residential	939,140	127,088	-
14	Commercial	100,283	13,983	-
15	Industrial	1,504	374	-
16	Power generation -sales	2	-	-
17	Sales to public authorities	3,110	1,318	-
18	Sales for resale	3	-	-
19	Total Customers-Average	<u>1,044,042</u>	<u>142,763</u>	<u>-</u>
20	Gas transported for others	785	86	-
21	Gas transported for power generation	23	2	-
22	Gas transported for resale	10	-	-
23	<u>INFORMATIONAL ONLY</u>			
24	<u>Average DT Usage per Customer</u>			
25	Residential	49		
26	Commercial	371		
27	Industrial	3,944		
28	Power generation - sales	12,101		
29	Sales to public authorities	26		
30	Sales for resale	2,933		
31	Total DT Usage per Customer- Average	85		
32	Gas transported for others	111,747		
33	Gas transported for power generation	12,087,239		
34	Gas transported for resale	640,045		